Associated CEAT gets ISO-9002

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Associated CEAT (Cari Electric Affini Torino) (Pvt) Ltd., has been awarded the ISO (International Standards Organization) 9002 certification. This internationally recognised standard is awarded after a through monitoring of management and quality requirements. Bureau Veritas Quality International functioned as the adjudicating panel.

ACPL is a joint venture between Associated Motorways Group, National Development Bank and CEAT, India. The factory is located at Nagoda, Kalutara. In the financial year 96-97 ACPL recorded a turnover of Rs 360 million, a growth of 40%. In 97-98 the company forecasts a growth of nearly 80%, mainly through the proposed launches of new products. Within 97-98 ACPL plans to introduce truck, bus, threewheeler, motorcycle and radial tyres under the CEAT banner.

Total investment to date has been Rs 130 million, with an additional expansion programme of Rs 60 million. The company has also envisaged a capitalistion Rs 200 million in the near future, part of which will be generated through a public offer on the CSE.

ACPL exports 15% of its total production mainly to South Asia, Middle East and Africa Export possibilities to Pakistan, India …etc under the SAPTA agreement are being seriously considered.

Within three years from its inception ACPL holds a 45% share of the local market in the categories in which it competes. Customer confidence in CEAT is apparent through the sharp drop in imported tyres in these categories. CEAT's impact in the local market is not only as an export but also as an import-substitute.

ACPL started to work for ISO certification in 1996 with a twofold aim: to bring in world class man- agement, production, quality and customer service standards to Sri Lanka and to gather impetus for a forecasted export thrust. The ISO standard is part and parcel of ACPL's strategic vision- to guarantee operational excellence, product excellence and customer care excellence.

Both the local and Indian partners of ACPL which is in its fourth operational year, have expressed their satisfaction in the venture's performance. "Our joint venture has been a very happy marriage", said Ajitha De Zoysa, Chairman, ACPL. He is confident that ACPL will achieve a total turnover of Rs 1000 million by the year 2000.

P Majumdar of CEAT, India is of the opinion that Sri Lanka has a huge potential of becoming a leading international player in rubber based products. Sri Lanka has inherent advantages like the availability of raw materials, low import duty, low labour costs plus high labour productivity. Majumdar has a special word of praise for the local labour force, which he clas- sed to be in the highest productivity bracket in the CEAT group. He stressed the fact that local industries should look more towards exporting value-added goods not commodities. In commodities it is the buyer who holds the upper hand. A fine example is rubber based goods. 1 kg of natural rubber fetches US$1, 1 kg of tyre is US$2.50, a difference of 150%.

South India with its huge market potential will be one of the main targets of ACPL's export thrust. ACPL believes that in time it can provide low cost, high mileage products not only for the international market but also to the local market.

The company feels that it can follow a more aggressive expansion policy if the hiccups caused by power crisis can be eliminated, and if it can benefit from relaxed interest rates and incentives custom-made for the tyre industry. Turning to the local market, De Zoysa expressed grave concern about the import of used tyres into Sri Lanka. To be a major international player, a solid domestic base is a prerequisite. The dumping of used tyres into the Sri Lankan market not only raises huge safety worries but also undermines a thriving industry with enormous export potential.